



An Overview of the Utah Health Exchange

As part of Utah's approach to health system reform, we are developing and implementing an internet portal that will be called the Utah Health Exchange.

What is the Utah Health Exchange?

The Exchange is an internet-based information portal. It will connect consumers to information they need to make an informed choice, and in many cases, allow them to execute that choice electronically.

Why do we need an Exchange?

One of the cornerstones of Utah's approach to health system reform is to move our health care system toward a consumer-based system, where individuals are responsible for their health, health care, and health care financing. A major step in that direction is the development of a workable defined contribution system.

The Utah Health Exchange is a critical component in moving towards a consumer-based system. For example, in order for a defined contribution system to function efficiently, consumers need a single shopping point where they can evaluate their options and execute an informed purchasing decision. For a consumer-based market to succeed, brokers, agents, employers, and individuals must have access to reliable information to allow consumers to make side-by-side comparisons of their options.

What is the overall goal of the Exchange?

The overall goal of the Exchange is to serve as the technology backbone to enable the implementation of consumer-based health system reforms.

How will the Exchange accomplish that goal?

To accomplish this goal, the Utah Health Exchange will have three core functions:

1. Provide consumers with helpful information about their health care and health care financing
2. Provide a mechanism for consumers to compare and choose a health insurance policy that meets their families' needs
3. Provide a standardized electronic application and enrollment system

Isn't this information already available in the private sector?

While it could be argued that the information that a consumer needs exists in the present system, however, in Utah we are missing two key elements. In order for consumerism to really take hold, we need to 1) create a system where the information is available in a standardized format, and 2) allow comparisons and is located at a single shopping point.

Why did Utah choose to go with an exchange model?

Utah's approach to health system reform relies on the fundamental principles of personal responsibility, private markets, and competition. To promote competition in the health care system, consumers need three things - accurate and relevant information, real choice, and the opportunity to benefit from making good choices. The exchange model enhances private competition in the health care system by providing all three elements of increased competition.

In addition to the benefits to the consumer, the exchange model also offers relief to employers who will no longer need to bear the full burden of running a health plan for their employees.

What is unique about Utah's approach?

Utah's approach to developing a portal is unique in that it builds on existing technology instead of starting from scratch. This allows the state to incorporate and build on private solutions. Utah's approach is also designed to support the existing roles of entities in the health system, including insurers, brokers/agents, and health care providers.

What will the Exchange actually do in the coming year?

The Exchange has a lot of tasks to accomplish in order to achieve the outlined goals. At present, the highest priority is for the Exchange to be ready and able to support the new defined contribution market for Utah's small employers. This market is scheduled to be up and running by Fall 2009.

The Utah Health Exchange will provide a technological interface between employers, brokers/agents, insurers, and employees. The end result will be that employees will have the necessary information and purchasing power to make an informed health insurance choice. Employers will benefit due to the defined contribution nature of the system and the ease of implementation. Insurers will receive all enrollment information electronically in a standard format.

In addition to supporting the defined contribution market, the Exchange should also be ready to support consumer choice in the traditional individual and small group markets.

Where will the Exchange take us in the future?

It is important to remember that a robust exchange will be more than just a place to "apply for health insurance". While the initial focus of setting up an exchange is to establish a stable defined contribution market, this is just the first stepping stone in the process toward a consumer-oriented system.

In order to facilitate consumer choice in the long run, it is clear that the portal must provide information relevant to not only health care financing but also quality and transparency of the health care system. The Exchange will also evolve into a tool for patients to make better decisions about their health and health care by providing access to information about cost and quality and health and wellness.

The value of the Exchange is the sum of all its parts and each "part" is essential to the long term success of the portal and to the success of Health System Reform.